



MEDIA RELEASE

SATS Group Posts 2Q Revenue of S\$1.3 Billion and Earnings of S\$22.2 Million

- 2Q FY24 revenue grew three-fold compared to the same period last year, driven by WFS consolidation and continued travel recovery
- 2Q FY24 EBITDA plus SoAJV margin increases to 17.0% (S\$217.6 million), up from 10.6% (S\$45.4 million) in the same period last year
- Disciplined integration efforts and positive synergies contributed to 2Q FY24 Group financial performance

Singapore, 10 November 2023 – SATS Ltd (**SATS** or the **Company** and its subsidiaries, the **Group**) today reported its financial performance for the three months ended 30 September 2023 (**2Q FY24**) and six months ended 30 September 2023 (**1H FY24**).

HIGHLIGHTS OF THE GROUP'S UNAUDITED RESULTS:

	2Q FY24 (S\$ million)	1Q FY24 (S\$ million)	Favourable / (Unfavourable) QoQ Change (S\$ million)	Favourable / (Unfavourable) QoQ Change (%)
Revenue	1,281.9	1,198.6	83.3	6.9
Expenditure	(1,216.4)	(1,188.4)	(28.0)	(2.4)
Operating profit (EBIT)	65.5	10.2	55.3	542.1
EBIT margin	5.1%	0.9%	4.2ppt	
Share of earnings of associates/joint ventures, net of tax (SoAJV)	23.1	21.3	1.8	8.5
EBIT + SoAJV	88.6	31.5	57.1	181.3
Profit/(Loss) attributable to owners of the Company (PATMI)	22.2	(29.9)	52.1	n.m.



Core PATMI ⁽¹⁾	16.8	(17.4)	34.2	<i>n.m.</i>
EBITDA ⁽²⁾ (+SoAJV)	217.6	179.5	38.1	21.2
<i>EBITDA (+SoAJV) margin</i>	<i>17.0%</i>	<i>15.0%</i>	<i>2.0ppt</i>	<i>n.m.</i>

	1H FY24 (S\$ million)	1H FY23 (S\$ million)	Favourable / (Unfavourable) YoY Change (S\$ million)	Favourable / (Unfavourable) YoY Change (%)
Revenue	2,480.6	804.5	1,676.1	208.3
Expenditure	(2,404.9)	(846.8)	(1,558.1)	(184.0)
Operating profit/(loss) (EBIT)	75.7	(42.3)	118.0	<i>n.m.</i>
<i>EBIT margin</i>	<i>3.1%</i>	<i>(5.3)%</i>	<i>8.4ppt</i>	<i>n.m.</i>
Share of earnings of associates/joint ventures, net of tax (SoAJV)	44.4	17.6	26.8	152.3
EBIT + SoAJV	120.1	(24.7)	144.8	<i>n.m.</i>
Loss attributable to owners of the Company (PATMI)	(7.8)	(32.5)	24.7	76.0
Core PATMI ⁽¹⁾	(0.6)	(15.8)	15.2	96.2
<i>Core PATMI excluding reliefs</i>	<i>(0.6)</i>	<i>(35.0)</i>	<i>34.4</i>	<i>98.3</i>
EBITDA ⁽²⁾ (+SoAJV)	397.0	59.3	337.7	569.5
<i>EBITDA (+SoAJV) margin</i>	<i>16.0%</i>	<i>7.4%</i>	<i>8.6ppt</i>	<i>n.m.</i>
Earnings per share (cents) – basic ⁽³⁾	(0.5)	(2.4)	1.9	79.1
Return on Equity (%/ppt) ⁽⁴⁾	(0.3)	(2.0)	1.7	85.0

Notes:

FY23 refers to the financial year from 1 April 2022 to 31 March 2023;

FY24 refers to the financial year from 1 April 2023 to 31 March 2024

(1) Core PATMI refers to net profit/(loss) attributable to owners of the Company excluding one-off items. The prior year's number has been restated to exclude M&A expenses for the WFS acquisition.

(2) EBITDA refers to earnings before interest, tax, depreciation and amortisation.

(3) Earnings per share – basic for 1H FY23 has been restated following the rights issue in March 2023.

(4) Return on equity ("ROE") is profit/(loss) attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non-annualised).

n.m. – not meaningful



2Q FY24 (1 July 2023 to 30 September 2023)

2Q FY24 Group revenue increased by 6.9% (S\$83.3 million) to S\$1.3 billion from S\$1.2 billion in the first quarter ended 30 June 2023 (1Q FY24) on the back of volume improvements in our businesses. Food Solutions revenue increased by S\$35.3 million, representing a 14.7% QoQ increase to S\$275.7 million, while Gateway Services revenue grew by S\$48.1 million, representing a 5.0% increase QoQ to S\$1.0 billion for 2Q FY24.

For the quarter, aviation food and flight volumes exceeded 80% of pre-COVID levels, and in tandem with the increase in business activities, Group expenditure increased correspondingly by S\$28.0 million, or 2.4%, QoQ, to S\$1.2 billion.

In 2Q FY24, SATS Group recorded an operating profit of S\$65.5 million, compared to S\$10.2 million achieved in 1Q FY24. Share of earnings from the Group's associates and joint ventures grew by S\$1.8 million QoQ to S\$23.1 million in 2Q FY24. For the quarter, the Group posted Net Profit attributable to owners of the Company (PATMI) of S\$22.2 million, improving S\$52.1 million from a Net Loss position of S\$29.9 million in 1Q FY24. The better results were positively impacted by improvements in the performance of all business units, the full quarter impact of interest savings from the liability management exercise in 1Q FY24, one-off refinancing expenses in 1Q FY24 and adjustments to provisional amortisation of acquired intangible assets.

1H FY24 (1 April 2023 to 30 September 2023)

Driven primarily by Worldwide Flight Services (WFS) consolidation after its acquisition by SATS on 3 April 2023, 1H FY24 Group revenue increased by 208.3% to S\$2.5 billion over the same period last year, with WFS contributing S\$1.4 billion. Excluding WFS, SATS' standalone revenue increased by 30.3% to S\$1.0 billion from S\$804.5 million YoY, bolstered by the recovery in the aviation sector. In 1H FY24, the SATS



Food Solutions revenue increased by 28.2% to S\$516.1 million, while its Gateway Services revenue grew by 32.4%, YoY, to S\$532.2 million.

In line with the revenue growth and the consolidation of WFS, group expenditure increased by S\$1.6 billion, or 184.0%, YoY, to S\$2.4 billion. Excluding WFS, SATS' standalone expenditure increased by S\$199.8 million in tandem with increased business activities attributed to the global travel recovery and inflationary cost pressures.

In 1H FY24, SATS Group recorded an operating profit of S\$75.7 million, notwithstanding the discontinuation of government reliefs in the current period. The amount of government reliefs recorded over the same period last year was S\$22.8 million. This is a marked improvement compared to an operating loss of S\$42.3 million posted in the same period last year. Share of earnings of associates and joint ventures increased by 152.3% to S\$44.4 million, with improved performance of most aviation associates and joint ventures on the back of aviation recovery. For 1H FY24, the PATMI loss for the Group was S\$7.8 million after taking into account higher interest expense, reflecting an improvement of S\$24.7 million from a loss of S\$32.5 million recorded in 1H FY23.

GROUP FINANCIAL POSITION (as at 30 September 2023)

Total equity of the Group increased by S\$5.0 million to S\$2.5 billion as at 30 September 2023, compared to 31 March 2023.

Non-current assets increased by S\$4.7 billion to S\$6.6 billion, attributed to intangible assets and right-of-use assets from the acquisition of WFS.

Current assets of the Group decreased by S\$900.9 million to S\$1.8 billion due to the transfer of deposits placed with the notary to the seller of WFS upon completion of the WFS acquisition in April 2023. This was partially offset by higher trade and other



receivables from aviation recovery and consolidation of WFS, as well as WFS's net cash acquired.

Current liabilities increased by S\$1.1 billion to S\$1.7 billion, mainly from the addition of WFS's lease liabilities and trade and other payables. Non-current liabilities of the Group increased by S\$2.6 billion to S\$4.2 billion, mainly due to higher borrowings and WFS's lease liabilities.

DIVIDENDS

The Board of Directors believes it would be prudent not to pay an interim dividend for FY24 until SATS is able to return to profitability. This will enable the company to conserve cash to fund its operational and working capital requirements as well as to reduce leverage as soon as possible.

OUTLOOK

The Group's operating statistics have shown a steady recovery, primarily driven by the return of air travel globally. IATA reported that passenger traffic has recovered to 88.5%¹ of 2019 levels. Accordingly, the Group saw robust growth momentum across its key operating metrics with flights handled and aviation meals served returning to 82% and 83% of pre-COVID levels, respectively, at the end of September 2023.

Global cargo volumes grew for the first time in 19 months in August since February 2022 and continued to grow modestly in September. The Group handled a significant increase in cargo tonnage for 1H FY24, compared to the same period last year due to the consolidation of WFS. While we remain cautious of the ongoing geopolitical dynamics, we are leveraging our global networks and leading position in the market to win new contracts that will bring a steady stream of incremental revenue in the next few quarters. New commercial wins include supporting Etihad Airways in its cold chain

¹ IATA Air Passenger Market Analysis Aug 2023.



cargo handling in the US and Copenhagen, the winning of a long-term cargo handling contract in Liege, Belgium.

To better manage the higher cargo volumes in key stations, SATS has added a new cargo terminal at Chicago O'Hare International Airport and invested in a fifth cargo terminal in Madrid. The Group also leverages its enlarged global network to develop new value-added solutions with key industry partners such as Kuehne+Nagel to improve speed and visibility for time-critical shipments.

The integration of SATS and WFS is on track, bringing productivity synergies that have contributed to the financial performance of the combined business. In particular, 1H FY24 Operating margin has improved by 8.4% over the same period last year.

Singapore remains strategic to the SATS business, and our investments in Singapore operations have started to bear fruit with stronger financial performance this quarter as the volumes continue to ramp up. We will continue to collaborate with key stakeholders to enhance the efficiency of Changi Airport as the world's best airport.

Said Kerry Mok, President and Chief Executive Officer, SATS Ltd., "We are working actively to improve operational excellence and accelerate commercial synergies. The integration of WFS and SATS is progressing well, and we are realising internal and commercial synergies reflected in our 1H FY24 financial performance. We remain laser-focused on supporting the ramp-up of our operations in Singapore and will continue to bring best-in-class practices to enhance service quality and safety performance for all customers and drive for shareholder value."

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ABOUT SATS GROUP

SATS Ltd. (SATS) is a global leader in gateway services and Asia's pre-eminent provider of food solutions. Using innovative food technologies and resilient supply



chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers, and institutions. With heartfelt service and advanced technology, we connect people, businesses, and communities seamlessly through our comprehensive gateway services for customers such as airlines, cruise lines, freight forwarders, postal services and eCommerce companies.

Fulfilling our purpose to feed and connect communities, SATS delights customers in over 210 locations and 27 countries across the Asia Pacific, UK, Europe, the Middle East, Africa, and the Americas. SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

ANNOUNCEMENT INFORMATION

The complete 1H FY24 results of SATS are available at www.sats.com.sg.

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ANNEX A: GROUP FINANCIAL STATISTICS

Financial Results (S\$ million)	1H FY24	1H FY23
Per Share Data		
Earnings per share (cents) ^{R1}		
- Basic ^{R2}	(0.5)	(2.4)
- Diluted ^{R3}	(0.5)	(2.4)
Return on turnover (%) ^{R4}	(0.3)	(4.0)
Financial Position (S\$ million)		
	As at 30 Sep 2023	As at 31 Mar 2023
Total equity	2,519.8	2,514.8
Total assets	8,457.5	4,673.7
Total debt	4,173.3	1,478.4
Gross debt/equity ratio (times) ^{R5}	1.66	0.59
Net asset value per share (\$) ^{R6}	1.56	1.57

Notes:

The Group financial statistics should be read in conjunction with the explanatory footnotes found on page 2 of this media release.

^{R1} Earnings per share for 1H FY23 has been restated following the rights issue in March 2023

^{R2} Earnings per share (basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.

^{R3} Earnings per share (diluted) is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under various employee share plans.

^{R4} Return on turnover is computed by dividing profit attributable to owners of the Company by total revenue.

^{R5} Gross debt/equity ratio is computed by dividing total debt by total equity.

^{R6} Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares (excluding treasury shares) in issue.



ANNEX B: OPERATING STATISTICS

	1H FY24	1H FY23	Change (%)
Passengers Handled ('M)	38.5	22.4	71.9
Flights Handled ('000)	299.1	102.0	193.2
- SATS	150.2	102.0	47.1
- WFS	148.9	-	n.m.
Cargo/Mail Processed ('000 tonnes)	3,726.6	1,170.9	218.3
- SATS	1,131.1	1,170.9	(3.4)
- WFS	2,595.5	-	n.m.
Gross Meals Produced ('M)	47.1	31.4	50.0
- Aviation	25.6	13.3	92.5
- Non-Aviation	21.5	18.1	18.8
Ship Calls Handled	131	107	22.4

Notes:

- i. The above operating data cover SATS and its subsidiaries, but does not include joint ventures and associates.
- ii. Passengers handled comprise full service and low-cost carriers, business aviation, as well as cruise ship passengers.